United Nations

United Nations Institute for Training and Research

Financial report and audited financial statements

for the year ended 31 December 1994 and Report of the Board of Auditors

General Assembly
Official Records • Fiftieth Session
Supplement No.5D (A/50/5/Add.4)

United Nations
Institute for Training and Research

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United Nations • New York, 1995

NOTE

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[28 June 1995]

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15 June 1995

Sir,

Pursuant to financial regulation 11.4, I have the honour to submit the annual accounts of the United Nations Institute for Training and Research as at 31 December 1994, which I hereby approve.

Copies of these financial statements are also being transmitted to the Advisory Committee on Administrative and Budgetary Questions.

Accept, Sir, the assurances of my highest consideration.

(Signed) Marcel A. BOISARD
Acting Executive Director of UNITAR

The Chairman of the Board of Auditors
United Nations
New York

28 June 1995

Sir,

I have the honour to transmit to you the financial statements of the United Nations Institute for Training and Research for the financial period ended 31 December 1994, which were submitted by the Acting Executive Director. These statements have been examined and include the audit opinion of the Board of Auditors.

In addition, I have the honour to present the report of the Board of Auditors with respect to the above accounts.

Accept, Sir, the assurances of my highest consideration.

(Signed) Codanda Ganapathi SOMIAH
Comptroller and Auditor General
of India
and Chairman
United Nations Board of Auditors

The President of the General Assembly
of the United Nations
New York

I. FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 1994

Introduction

1. The Executive Director has the honour to submit herewith the financial report, together with the accounts for the year ended 31 December 1994, of the United Nations Institute for Training and Research (UNITAR). This report is presented in accordance with article IV, subparagraph 3 (i), of the statute of the Institute.

Statement I

UNITAR General Fund: status of expenditure against approved budget

2. Statement I gives the status of expenditure against approved budget for the year ended 31 December 1994. Total expenditures amounted to $595,977.

Statement II

UNITAR General Fund: statement of income and expenditure

3. The amount of $442,864 shown in statement II was paid by Governments as contributions to the General Fund for 1994 and payment of outstanding pledges (see note 2 to the financial statements). In addition, $344,839 was received as programme support income and $12,727 as other income, bringing the total income for the year to $800,430. Expenditure for the year amounted to $595,977, resulting in an excess of income over expenditure of $204,453.

Statement III

UNITAR General Fund: statement of assets and liabilities

4. Statement III shows the assets and liabilities of the General Fund as at 31 December 1994. The assets of the General Fund amounted to $710,223. Of this total, $533,680 was due from the United Nations General Fund. Accounts receivable amounted to $176,543. Liabilities consisted of unliquidated obligations of $18,799, accounts payable of $81,882 and an operating reserve of $29,800.

Statement IV

UNITAR Special Purpose Grants Fund: statement of income and expenditure

5. Statement IV shows the income and expenditure of the Special Purpose Grants Fund. A total of $2,969,606 was received as grants. Total income in the fund was $3,159,542 after inclusion of interest income, savings in liquidations of prior year's obligations and miscellaneous income. Total expenditure was $2,872,175, resulting in an excess of income over expenditure of $287,367 for the Special Purpose Grants taken as a whole.

UNITAR Special Purpose Grants Fund: statement of assets and liabilities

6. The assets and liabilities of the Special Purpose Grants Fund as at 31 December 1994 are shown in statement IV. Total assets of $3,826,194 included cash of $3,687,627, accounts receivable of $87,547 and remittances to executing agencies of $51,020. Of the $2,207,993 of liabilities, $375,759 was for unliquidated obligations, $1,509,789 of was due to the United Nations General Fund and $322,445 were accounts payable.

7. The balance of the Special Purpose Grants Fund was $1,618,201 as at 31 December 1994.

Statement V

UNITAR activities financed by the United Nations Development Programme (UNDP): statement of income and expenditure

8. Statement V includes income and expenditure of UNITAR activities financed by UNDP. The total amount allocated was $1,062,097. Total expenditure amounted to $1,062,097, including programme support costs of $222,538.

UNITAR activities financed by UNDP: statement of assets and liabilities

9. Statement V also shows the assets and liabilities of UNITAR activities financed by UNDP as at 31 December 1994. Assets consisted of accounts receivable of $264,781 and unspent allocations of $71,463. Liabilities consisted of unliquidated obligations of $92,484, accounts payable of $172,297 and deferred income of $71,463.

Write-off of losses of cash and receivables

10. There were no write-offs during 1994.

Summary of significant accounting policies

11. The significant accounting policies of UNITAR are outlined in note 1 of the notes to the financial statements.

II. REPORT OF THE BOARD OF AUDITORS

Introduction

1. The Board of Auditors has examined the financial statements of UNITAR for the period 1 January 1994 to 31 December 1994 in accordance with article VIII, paragraph 12, of the statute of UNITAR. The audit was conducted in accordance with article XII of the Financial Regulations and Rules of the United Nations and the annex thereto, and with the common auditing standards adopted by the Panel of External Auditors of the United Nations, the specialized agencies and the International Atomic Energy Agency. These standards require that the Board plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement.

Audit objectives and approach

2. The Board's audit included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The examination was based on an assessment of UNITAR's accounting systems and controls and on a test audit, in which all areas of the financial statements were subject to direct substantive testing of transactions. The audit also included an assessment of the accounting principles used and significant estimates made by management, as well as an evaluation of the overall presentation of the financial statements. Preparation of the financial statements is the responsibility of UNITAR's management; the Board is responsible for expressing an opinion, based on its audit, on whether the financial statements present fairly the financial position of UNITAR as at 31 December 1994.

3. The Board's examination included a general review and such tests of the accounting records and other supporting evidence as it considered necessary in the circumstances. These audit procedures are designed primarily for the purpose of forming an opinion on UNITAR's financial statements. Consequently, the work carried out by the Board did not involve a detailed review of all aspects of budgetary and financial systems, and the results cannot be regarded as a comprehensive statement on them.

Overall results

4. The Board's examination revealed no weakness or errors considered material to the accuracy or completeness of the financial statements as a whole. In accordance with normal procedures, the Board recorded its detailed audit findings in management letters, which it sent to UNITAR. None of these matters affected the Board's audit opinion on UNITAR's financial statements and schedules for the year. Accordingly, the Board has given an unqualified opinion on UNITAR's financial statements for the year ended 31 December 1994.

5. In addition to its audit of the accounts and financial transactions, the Board carried out reviews under regulation 12.5 of the Financial Regulations and Rules of the United Nations. The reviews primarily concern the efficiency of the financial procedures, the internal financial controls and, in general, the administration and management of UNITAR.

6. In 1994, the Board reviewed progress made by UNITAR in tightening its procurement procedures, following the Board's report for 1993. 1/

7. The Board's principal recommendations are presented in paragraph 10 below. A summary of main findings arising from the Board's current audit is shown in paragraphs 11 to 15. Detailed findings are reported in paragraphs 16 to 33.

8. The Board's observations on all matters contained in the present report were communicated to UNITAR. UNITAR confirmed the facts on which the Board's observations and conclusions were based and provided explanations and answers to the Board's inquiries.

Action taken on recommendations in previous reports to the General Assembly

9. UNITAR's response to the main findings and recommendations in the Board's 1993 report, together with the further comments of the Board, are reproduced in the annex to the present report of the Board. A number of the issues covered are also discussed further in the present report.

Recommendations arising from the present report

10. The Board's main recommendations are set out below.

Accounting for projects financed by the United Nations Development Programme (UNDP)

(a) Expenditure statements in respect of UNDP-financed projects should be prepared and submitted by UNITAR each year, to allow programme support income to be accounted for promptly (paras. 23 and 24 below);

Procurement procedures

(b) UNITAR should follow United Nations procurement procedures and adhere more closely to the Financial Regulations and Rules of the United Nations on procurement of goods and services (paras. 28-31).

Summary of main findings

On UNITAR's General Fund

11. UNITAR's General Fund showed a substantial surplus on operations in 1994. The Board welcomes this development and the establishment of an operating reserve. The surplus was largely due to savings in expenditure (paras. 16 and 17).

On UNITAR rental charges

12. The Board welcomes the agreement reached by UNITAR and the United Nations Office at Geneva in March 1995 in respect of rental charges from 1994. The level of 1993 rental charge has yet to be agreed (para. 18).

1/ Official Records of the General Assembly, Forty-ninth Session, Supplement No. 5D (A/49/5/Add.4).

On Special Purpose Grants funds

13. A number of Special Purpose Grants funds remain in deficit (paras. 19-22).

On accounting for UNDP-financed projects

14. Annual expenditure statements in respect of UNDP-financed projects were not prepared in 1992 or 1993. No programme support income was recorded for these projects until preparation of the 1994 UNITAR accounts, when consolidated expenditure statements for 1992 to 1994 were submitted to UNDP. Timely accounting for UNDP-financed projects is necessary to allow better matching of programme support costs and income (paras. 23 and 24).

On procurement procedures

15. In several instances UNITAR breached United Nations Financial Regulations and Rules on procurement in ordering goods and services (paras. 28-31).

Part I: Financial matters

UNITAR's General Fund

16. In its report on UNITAR's financial statements for 1993, the Board welcomed the improved financial control of UNITAR operations. This trend continued in 1994, when UNITAR's General Fund administrative expenditure was reduced to $595,977, compared with $700,129 in 1993. Expenditure in 1994 was substantially within the budget set by UNITAR's Board of Trustees ($776,100). Total income generated by the General Fund during the year was $800,430, resulting in an operating surplus for 1994 of $204,453. The surplus was largely due to UNITAR's continued efforts to achieve economies and make savings.

17. Part of the surplus in 1994 has been used to establish an operating reserve for the General Fund, set initially at 5 per cent of in-year expenditure. The Board welcomes this initiative and the intention to build up a reserve of 15 per cent of expenditure by 1996. The Board also reiterates the importance of safeguarding the long-term future of the Fund through continued efforts to control costs, attract additional funds from donors and increase project-support income.

UNITAR rental charges

18. As noted in the annex to the present report of the Board of Auditors, in March 1995 UNITAR's Board of Trustees accepted the legal basis and the level of rental charges levied by the United Nations Office at Geneva for 1994. The charges are consistent with General Assembly resolution 49/125 of 19 December 1994. Rental charges for 1994 were $74,300, compared with $134,000 in 1993. UNITAR's Board of Trustees maintains that the 1993 charge should be subject to further negotiation, with the possibility of a future rebate from the United Nations.

Special Purpose Grants Fund

19. Schedule 4.1 of financial statement IV lists the final balances for Special Purpose Grants Fund projects at 31 December 1994. This shows that 15 projects had deficit fund balances totalling $310,298 as at 31 December 1994, an improvement on the position at 31 December 1993, when 17 funds had deficit

balances totalling $430,000. For 10 of the projects in deficit at 31 December 1994, there were no transactions during the year.

20. The Board of Auditors raised this matter in its 1993 report, when it recommended the gradual write-off of deficit balances against UNITAR's General Fund. UNITAR considers that these deficits relate to the period when it was based in New York and hence should have been cancelled under General Assembly resolution 47/227 of 8 April 1993, which wrote off UNITAR's accumulated debt to the United Nations General Fund in return for the transfer to the United Nations of UNITAR's New York headquarters building.

21. The United Nations in New York has reaffirmed that it is under no obligation to make good deficits related to Special Purpose Grants Fund projects. It maintains that this should be done by the project donor concerned. This is the position reflected in UNITAR's 1994 financial statements.

22. The Board reiterates its view that these long-standing deficits should be resolved. In each case UNITAR should conduct a detailed assessment of the collectability of debts. Where amounts are deemed irrecoverable, and in view of the improving state of UNITAR's General Fund, a gradual write-off of deficit balances against the Fund appears the most feasible solution.

Accounting for UNDP-financed projects

23. In 1992 and 1993, UNITAR failed to prepare and submit expenditure statements for UNDP-financed projects where it acts as the executing agency. As a result, programme support income receivable in respect of 1992 and 1993 expenditure was not accounted for until the 1994 financial statements. At 31 December 1994, $118,171 was receivable from UNDP in respect of UNITAR expenditure for 1992 and 1993.

24. The Board is concerned at the considerable delay in issuing expenditure statements to UNDP. It urges UNITAR to prepare these statements more promptly in the future, so that programme support costs may be more closely matched with income. This will also allow a more consistent flow of income into the General Fund.

Accounting for non-expendable property

25. In common with all United Nations agencies, UNITAR is required to maintain an inventory of non-expendable property for assets valued at greater than $1,500. Since November 1993, UNITAR has not maintained an up-to-date inventory capable of being reconciled to the records of purchases of the United Nations Office at Geneva. The Board recommends that UNITAR prepare an updated inventory and compare it with United Nations records at the earliest opportunity.

Format of the financial statements

26. As a result of the problems in accounting for UNDP-financed projects (paras. 23 and 24), and in view of the unique nature of the projects, UNITAR has prepared a new statement for 1994. All UNDP-financed projects are now set out in statement V. In addition, the detailed statement of income and expenditure for each Special Purpose Grants Fund project (schedule 4.1) excludes UNDP-financed projects for the first time.

United Nations system's accounting standards

27. The Board found that UNITAR has generally applied the standards in 1994. However, the required statement of movements in financial resources was not prepared. The Board recommends that UNITAR comply fully with the standards for its financial statements for 1995 and beyond.

Part II: Management issues

Procurement

28. In 1994, UNITAR spent approximately $1,100,000 on goods and services, excluding staff, personnel and travel costs. The Board examined a sample of purchase requests for compliance with the Financial Regulations and Rules of the United Nations.

29. UNITAR is normally required to use the purchasing services of the United Nations Office at Geneva to undertake procurement on its behalf. In several cases, UNITAR decided to award contracts without using these services and without observing United Nations rules on soliciting tenders. For example, UNITAR awarded one contract worth $90,000 without seeking the prior approval of the Committee on Contracts of the United Nations Office at Geneva. In another case, UNITAR placed an order with a firm that did not appear on the list of acceptable contractors of the United Nations Office at Geneva. In the latter case, the United Nations Office at Geneva has so far refused to pay the contractor's invoice, although the service was provided to UNITAR in November 1994. At 31 December 1994, therefore, a potential liability of Swf 21,590 (approximately $17,300) existed. This is not disclosed in the financial statements for 1994.

30. UNITAR has informed the Board that its actions in the above cases were prompted by what it regards as unsatisfactory service provided by the Purchase, Transportation and Internal Services Section of the United Nations Office at Geneva. UNITAR also maintains that, because of the complexity of its procurement requests, its Board of Trustees has advocated flexibility when implementing the Financial Regulations and Rules of the United Nations.

31. While noting UNITAR's position, the Board considers that there was no justification for exercising flexibility to circumvent established procedures on procurement. It recommends that UNITAR adhere to the Financial Regulations and Rules of the United Nations more closely in the future.

Cases of fraud and presumptive fraud

32. The UNITAR secretariat reported no cases of fraud or presumptive fraud relating to the financial year 1994.

Write-off of losses of cash, receivables and property, ex gratia payments

33. There were no write-offs of cash or other assets or ex gratia payments during the year.

Acknowledgement

34. The Board of Auditors wishes to express its appreciation for the cooperation and assistance extended to its auditors by the staff of UNITAR and the United Nations.

(Signed) Codanda Ganapathi SOMIAH
Comptroller and Auditor General
of India

(Signed) Sir John BOURN
Comptroller and Auditor General
of the United Kingdom of Great
Britain and Northern Ireland

(Signed) Osei Tutu PREMPEH
Auditor General of Ghana

28 June 1995

ANNEX

Follow-up measures to be taken to implement the recommendations of the Board of Auditors in its report for 1993 a/

Main findings and recommendations	Immediate action to be taken by UNITAR	UNITAR's mid-term objectives	Comments of the Board
For the first time in a number of years, UNITAR's General Fund showed a surplus on its operation in 1993. Nevertheless, the overall position of the General Fund remains precarious and further cost-cutting or additional funding from donors or from programme-support revenue will be necessary if UNITAR is to continue its present level of activity.	A comprehensive strategy of fund-raising, in particular to mobilize non-earmarked voluntary contributions, is being established, building on the results obtained over the past two years. It should reach fruition in three to five years.	The mid-term objective is to raise a substantial amount in voluntary contributions and to establish a reserve fund equivalent to the cost of one year of operations. As for the funding of Special Purpose Grants, UNITAR will develop more systematic links with United Nations funds and programmes. The latter should refer more systematically to UNITAR for the design and conduct of their numerous training ventures. UNITAR must be given priority over private consulting firms, at the same level of quality and cost of the services.	UNITAR made significant progress in attracting contributions to the General Fund in 1994 and controlling expenditure. The Board's views on the prospects of the General Fund are set out in its report (paras. 16 and 17).
A number of Special Purpose Grants Funds remain in deficit. The Board recommends that an appropriate strategy for dealing with these deficits be drawn up and implemented, for example, by writing off the deficits to the General Fund over a period of years.	General Assembly resolution 47/227 of 8 April 1993 is very explicit; it reads: "1. Decides that, in accordance with the recommendation of the Secretary-General, the building of the United Nations Institute for Training and Research shall be immediately transferred to the United Nations in return for the cancellation of the debt of the Institute and coverage of its financial obligations for 1992". There is no distinction whatsoever regarding the sources of the debt (General Fund or Special Purpose Grants Funds). The claim from the United Nations is not based on any legal grounds. It thus seems pointless to underline that these programmes incurred deficits before the adoption of resolution 47/227; they were all conducted out of the former headquarters in New York and the majority have been closed for several years. Similarly, UNITAR transferred its building to the United Nations following the spirit of the General Assembly resolution, without distinction between movable property and real estate.	n/a	As United Nations Headquarters has decided that Special Purpose Grants Funds deficits were not covered by resolution 47/227, the Board reiterates its recommendation that an appropriate strategy for dealing with these deficits be drawn up and implemented (see paras. 19-22 of the Board's report).

a/ Official Records of the General Assembly, Forty-ninth Session, Supplement No. 5D (A/49/5/Add.4)

Main findings and recommendations	Immediate action to be taken by UNITAR	UNITAR's mid-term objectives	Comments of the Board
UNITAR has significantly improved its financial and management controls, but significant weaknesses in the quality of the financial information available to managers remain. The Board recommends that UNITAR should continue to develop its internal systems and that communication between UNITAR and United Nations finance staff, responsible for preparing UNITAR's financial accounts, should be improved.	Communication between UNITAR and the finance services of the United Nations office at Geneva should be gradually improved. Simultaneously, the microcomputer-based package EXCEL is being introduced at the level of each programme officer. This should allow a tight monitoring of income and expenditure.	To appoint a finance officer, as soon as funds permit.	The Board welcomes the increased involvement of UNITAR programme officers in monitoring income and expenditure. It recommends that monthly accounting reports received from United Nations finance staff should be checked for consistency with UNITAR records.
Paragraph 2 of General Assembly resolution 47/227 requested the Secretary-General to designate a liaison officer to organize and coordinate existing training programmes and research activities relating to training in New York. The Secretary-General designated the Chief of the Training Service, Office of Human Resources Management, as the focal point to ensure a smooth transition for the organizational arrangements of UNITAR and to coordinate the remaining training programmes based in New York. This decision was taken with regard to the limited resources available to UNITAR's General Fund.	The designation of liaison officer is the responsibility of the Secretariat of the United Nations and not of UNITAR, in accordance with General Assembly resolution 47/227. The focal point designated by the Secretary-General has perfectly discharged her duty for a smooth transition. In 1994, no training programmes were organized to meet the needs of diplomats based in New York. Discussions are ongoing with the United Nations Secretariat to determine how UNITAR could re-establish training ventures, out of Geneva, with minimum office and conference space provided by the Secretariat free of charge in New York.	The reopening of an office in New York seems unavoidable. Training needs are obvious, in particular for developing countries and new States Members of the United Nations. No organization has either the mandate or the expertise to meet these needs. The Board of Trustees will consider the opening of a limited office in New York, as soon as funds permit.	The Board notes UNITAR's intention.
With the transfer of UNITAR headquarters from New York to Geneva, a decision on the question of rental charges for office premises at Geneva is urgently required. The Board found that UNITAR's General Fund expenditure includes a charge of $134,000 for rent on the offices occupied by UNITAR in Geneva. In the Board's view, taking into account the Institute's status, it is appropriate for UNITAR to pay rent, although the scale of the charge is an issue for agreement between UNITAR and the United Nations.	UNITAR fully shares the views of the Auditor that this issue must be negotiated between the United Nations Office at Geneva and UNITAR. Various United Nations bodies have been consulted. The United Nations Legal Counsel and the Advisory Committee on Administrative and Budgetary Questions (ACABQ) have made their position known. It can be summarized, from a strictly legal perspective as follows: • on what legal basis does the United Nations Office at Geneva charge rental costs to UNITAR;	To find a compromise with the United Nations Office at Geneva, by "taking into consideration the financial capacity of the Institute and the nature of the services it renders to the United Nations and its Member States", as recommended by the Board of Auditors in its report for 1992. b/	The Board welcomes the fact that this issue was resolved by UNITAR's Board of Trustees in March 1995 (see para. 18 of the Board's present report).

b/ Ibid., Forty-eighth Session, Supplement No. 5D (A/48/5/Add.4), chap. II, para. 29.

Main findings and recommendations	Immediate action to be taken by UNITAR	UNITAR's mid term objectives	Comments of the Board
	• on what basis does the United Nations Office at Geneva estimate the level of rental costs; • according to what procedure did the United Nations Office at Geneva unilaterally withhold funds from UNITAR accounts for the rent in 1993; • any other information, in particular on the issue of equality of treatment among comparable entities, as requested by ACABQ.		

III. AUDIT OPINION

We have examined the appended financial statements numbered I to V, properly identified, the relevant schedules and the supporting explanatory notes of the United Nations Institute for Training and Research, for the financial period ended 31 December 1994 in accordance with the Common Auditing Standards of the Panel of External Auditors of the United Nations, the specialized agencies and the International Atomic Energy Agency. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

As a result of our examination, we are of the opinion that the financial statements present fairly the financial position of the United Nations Institute for Training and Research as at 31 December 1994 and the results of its operations for the year then ended; that they were prepared in accordance with the stated accounting policies which were applied on a basis consistent with that of the preceding financial period, and that the transactions were in accordance with the Financial Regulations and the relevant legislative authority.

In accordance with our usual practice, we have issued a long form report on our audit of the financial statements of the United Nations Institute for Training and Research, as provided for in the Financial Regulations.

(Signed) Codanda Ganapathi SOMIAH
Comptroller and Auditor General
of India

(Signed) Sir John BOURN
Comptroller and Auditor General
of the United Kingdom of Great
Britain and Northern Ireland

(Signed) Osei Tutu PREMPEH
Auditor General of Ghana

28 June 1995

IV. CERTIFICATION OF THE FINANCIAL STATEMENTS

16 June 1995

I certify that the appended financial statements of the Untied Nations Institute for Training and Research, numbered I to V, are fairly stated.

(Signed) Yukio TAKASU
Controller

V. ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1994

STATEMENT I. General Fund

Status of expenditure against budget for the year ended 31 December 1994

(United States dollars)

Budget classification	Approved budget	Expenditure			Unobligated balance
		Disbursements	Unliquidated obligations	Total	
Administration	676 100	577 178	18 799	595 977	80 123
Total	676 100	577 178	18 799	595 977	80 123

The accompanying notes are an integral part of the financial statements.

STATEMENT II. General Fund

Statement of income and expenditure for the year ended 31 December 1994

(United States dollars)

	1994	1993 a/
Income		
Government contributions paid (note 2)	442 864 b/	302 689
Subventions from United Nations agencies	-	10 500
Public donations	83	-
Interest income	496	3 405
Programme-support income (statements IV and V)	344 839	343 598
Savings in liquidation of prior year's obligations	2 586	61 632
Miscellaneous income	9 562	48 110
Total income	800 430	769 934
Expenditure		
Staff and other personnel costs	444 164	464 933
Travel	20 941	29 556
Contractual services	5 223	4 213
Operating expenses	125 649	186 689
Equipment, supplies and acquisitions	-	14 738
Total expenditure (statement I)	595 977	700 129
Excess of income over expenditure (deficit)	204 453	69 805

a/ Comparative figures reclassified to conform to current presentation.

b/ In accordance with article VIII, paragraph 3, of the revised statute of UNITAR (A/43/697/Add.1), only paid-in contributions are included in current year income.

The accompanying notes are an integral part of the financial statements.

STATEMENT III. General Fund

Statement of assets and liabilities as at 31 December 1994

(United States dollars)

	1994	1993
Assets		
Cash	-	92
Accounts receivable	176 543	17 830
Due from UNITAR's Special Purpose Grants Fund	-	78 783
Due from the United Nations General Fund	533 680	160 501
Total assets	710 223	257 206
Liabilities		
Accounts payable	81 882	-
Unliquidated obligations (Statement I)	18 799	6 534
Operating reserve	29 800	-
Total liabilities	130 481	6 534
Fund balance		
Balance available as at 1 January 1994	250 672	(6 699 954)
Add: Funding provided by the transfer of the UNITAR building to the United Nations	-	5 797 330
Waiver of imputed interest on advance to purchase land	-	974 593
	250 672	71 969
Add: Excess of income over expenditure/(deficit) expenditure (deficit)	204 453	69 805
	455 125	141 774
Transfers from other funds	10 000	108 898
Adjustment for prior periods	144 417	
Transfer to operating reserve	(29 800)	-
Balance available as at 31 December 1994	579 742	250 672
Total liabilities, reserves and fund balance	710 223	257 206

The accompanying notes are an integral part of the financial statements.

STATEMENT IV. Special Purpose Grants Fund a/

I. Statement of income and expenditure for the year ended 31 December 1994

(United States dollars)

	1994	1993 b/
Income		
Grants	2 969 606 c/	2 596 965
Interest income	106 616	96 129
Savings in liquidation of prior year's obligations	70 266	39 764
Miscellaneous income	13 054	50 573
Total income	3 159 542	2 783 431
Expenditure		
Staff and other personnel costs	1 557 819	920 644
Travel	283 795	213 944
Contractual services	163 595	1 011 943
Operating expenses	105 580	164 356
Training, fellowship, grants and other	418 390	414 699
Equipment, supplies and acquisitions	40 728	-
Subtotal	2 569 907	2 725 586
Programme support costs (statement II)	302 268	329 914
Total expenditure	2 872 175 c/	3 055 500
Excess of income over expenditure	287 367	(272 069)

STATEMENT IV (concluded)

II. Statement of assets and liabilities as at 31 December 1994

(United States dollars)

	1994	1993 b/
Assets		
Cash	3 687 627 d/	2 577 772
Accounts receivable	87 547	211 935
Remittances to executing agencies	51 020	-
Total assets	3 826 194	2 789 707
Liabilities		
Accounts payable	322 445	731 971
Unliquidated obligations - current year	375 759	314 178
Due to United Nations General Fund	1 509 789	302 446
Due to UNITAR General Fund	-	78 783
Total liabilities	2 207 993	1 427 378
Fund balance		
Balance available as at 1 January 1994	1 362 329	2 026 253
Adjustments to prior periods	(45 140)	(274 172)
Transfers to other funds	14 484	(102 118)
Refund to donors	(839)	(15 565)
	1 330 834	1 634 398
Add: Excess of income over expenditure	287 367	(272 069)
Balance available as at 31 December 1994	1 618 201 c/	1 362 329
Total liabilities and fund balance	3 826 194	2 789 707

a/ Projects financed by UNDP which were previously reported under this fund, until 31 December 1993, are not included in this statement; they are reported separately in the statement of activities financed by UNDP (statement V).

b/ Comparative figures reclassified to conform to current presentation.

c/ For details by project, see schedule 4.1.

d/ Includes non-convertible currency of $20,679.

The accompanying notes are an integral part of the financial statements.

SCHEDULE 4.1 Special Purpose Grants Fund

Statement of income and expenditure and fund balance for the year ended 31 December 1994

(United States dollars)

Projects	Fund balance 1 January 1994 a/	Income from grants	Other income and adjustments b/	Funds available	Expenditure			Fund balance 31 December 1994
					Disbursements	Unliquidated obligations	Total expenditure	
A. Convertible currencies								
Strategy for the future of Africa	(140 544)	-	-	(140 544)				(140 544)
Centre on Small Energy Resources, Italy	29 947		4 213	34 160	27 915		27 915	6 245
World Social Prospects Stuuy Association	(6 005)		1 311	(4 694)			-	(4 694)
Strategies for the future of Latin America	(40 749)		-	(40 749)	-	-	-	(40 749)
Strengthening monitoring and assessment capabilities in Africa	95 929		(95 929)					
Workshop on port management and operation, Hamburg	(5 713)	-	5 713					
Intermodal transportation	27 312		(27 312)	-	-	-		
Transportation management	-	-	23 010	23 010	3 155	755	3 910	19 100
UNITAR/UNDP Information Centre for Heavy Crude and Tar Sands	59 185		(59 185)	-	-	-	-	-
Second International Conference on Heavy Crude and Tar Sands	(60 690)	-	-	(60 690)	-	-	-	(60 690)
Post of Director, UNITAR/UNDP Information Centre for Heavy Crude and Tar Sands	(425)	-	425		-	-	-	-
Technical assistance to the UNITAR/UNDP Information Centre for Heavy Crude and Tar Sands from Petroleos de Venezuela	(17 324)	-	17 324	-	-	-	-	-
Fifth International Conference on Heavy Crude and Tar Sands	50 624	-	(50 624)	-	-	-	-	-

Projects	Fund balance 1 January 1994 a/	Income from grants	Other income and adjustments b/	Funds available	Expenditure			Fund balance 31 December 1994
					Disbursements	Unliquidated obligations	Total expenditure	
Technical assistance to the UNITAR/UNDP Information Centre for Heavy Crude and Tar Sands	(68 936)		68 936					
Post of Deputy Director, UNITAR/UNDP Information Centre for Heavy Crude and Tar Sands	(24 999)		24 999					
Sixth International Conference on Heavy Crude and Tar Sands	78 725	150 000	61 496	290 221	52 117	7 000	59 117	231 104
Training programme on Geographic Information Systems (GIS) technology in the field of environment	620 069		(620 069)					
Training programme for the managers of foreign debt in the least developed countries	287 573		(287 573)					
Training of journalists in international cooperation, multilateral diplomacy and the promotion of social and economic development	7		(7)					
Training programme for disaster-relief managers	318 390		(318 390)					
Programme on training officials from Côte d'Ivoire	(21)			(21)				(21)
UNITAR/UNDP/City University of New York training programme in information technology for the ASEAN countries	26			26				26
Phase III training manuals for peace-keeping videos	23 009		(23 009)					
UNITAR/UCAR: training programme in GIS for natural resources and environmental management	44 518		(44 518)					
Training workshop in multilateral economic negotiations for senior civil servants in Viet Nam	(5 777)			(5 777)				(5 777)

Projects	Fund balance 1 January 1994 a/	Income from grants	Other income and adjustments b/	Funds available	Expenditure			Fund balance 31 December 1994
					Disbursements	Unliquidated obligations	Total expenditure	
UNITAR/Inter-Press Service (IPS) training for journalists in international cooperation and multilateral diplomacy for environmental awareness	21 720		1 295	23 015				23 015
Junior Professional Officer, New York	12 214		725	12 939				12 939
Junior Professional Officer, Geneva	28 340		1 681	30 021				30 021
Junior Professional Officer, Germany	62 233		1 546	63 779	57 176		57 176	6 603
Junior Professional Officer, Netherlands (Geneva-based)	(2 663)		59 498	56 835	33 005	2 722	35 727	21 108
Economic and social history of the United Nations	(12 298)			(12 298)				(12 298)
Special fund account for project promotion and contingencies	(2 486)			(2 486)				(2 486)
Occidental College: Semester at the United Nations Programme (1992)	(1 378)			(1 378)				(1 378)
UNITAR/Clark Atlanta University: Semester at the United Nations Programme (1992)	(674)			(674)				(674)
Development of instructional video on peace keeping	(25 752)		25 752					
New York seminar on peace keeping and simulation exercise	(13 904)			(13 904)				(13 904)
Annual UNITAR training seminar on peace-keeping	(1 045)		1 045					
Disaster relief management		148 288	159 071	307 359	94 482	51 354	145 836	161 523
Computer literacy training		19 082	7 854	26 936	21 997	7 878	29 875	(2 939)
Fellowship programme in preventive diplomacy		358 551	124 003	482 554	266 917	17 286	284 203	198 351
Debt management (DDA)		416 667	145 727	562 394	463 819	70 921	534 740	27 654
Debt management (Egypt)			27 664	27 664	2 829	10 706	13 535	14 129

Projects	Fund balance 1 January 1994 a/	Income from grants	Other income and adjustments b/	Funds available	Expenditure			Fund balance 31 December 1994
					Disbursements	Unliquidated obligations	Total expenditure	
Debt management (Central Asian Republics)	-	62 444	144 550	206 994	116 407	28 640	145 047	61 947
Training course on international organizations - Foundation for Advanced Studies on International Development (FASID), Japan	-	11 624	4 682	16 306	10 112	-	10 112	6 194
Australian International Development Assistance Bureau (AIDAB)	-		5 866	5 866	1 869	-	1 869	3 997
Training programme for Palestinian people on economic and environmental negotiations and dispute resolution (UNDP)	-		11 947	11 947	1 892	1 702	3 594	8 353
Junior Professional Officer (Austria)	-	105 567	41 745	147 312	84 777	2 891	87 668	59 644
IRTC (UNEP/DDb/Finnish International Development Agency	-	520 736	235 165	755 901	328 791	71 159	399 950	355 951
GIS training (DDA)		223 450	218 393	441 843	351 356	8 913	360 269	81 574
Peace-keeping videos training	-	10 130	5 970	16 100	6 626	-	6 626	9 474
Global Resources Information Database (GRID) Arendal	-		153	153	-	-	-	153
Observatory of the Sahara and the Sahel/Agency for Cultural and Technical Cooperation/MINCOOP/ German Agency for Technical Cooperation	-	149 178	54 918	204 096	53 689	24 525	78 214	125 882
National Aeronautics and Space Administration	-		42 401	42 401	43 424	480	43 904	(1 503)
National Institute for Dispute Resolution	-		37 329	37 329	21 709	1 870	23 579	13 750
FSD/MEDALUS	-	107 000	26 967	133 987	148 740	2 991	151 731	(17 744)
Environmental law/UNEP	-		33 767	33 767	25 755	-	25 755	8 012
Heavy crude and tar sands	-	170 000	6 758	176 758	110 158	12 231	122 389	54 369
UNEP/Caribbean	-	37 829	817	38 646	27 092	6 620	33 712	4 934

Projects	Fund balance 1 January 1994 a/	Income from grants	Other income and adjustments b/	Funds available	Expenditure			Fund balance 31 December 1994
					Disbursements	Unliquidated obligations	Total expenditure	
EEC/"prior informed consent" (PIC) training, Africa	-	175 550	3 201	178 751	715	5 500	6 215	172 536
Legal aspects of debt and financial management	-	127 605	5 089	132 694	30 696	39 615	70 311	62 383
Environmental information systems for developing training capacities in Tanzania and Uganda	-	-	53 944	53 944	58 841	-	58 841	(4 897)
UNTAC conference in Singapore	-	62 345	1 299	63 644	50 114	-	50 114	13 530
Research on the culture origin of the development process	-	10 156	-	10 156	241	-	241	9 915
German contribution to Associate Expert	-	103 404	-	103 404	-	-	-	103 404
Subtotal	1 328 438	2 969 606	171 653	4 469 697	2 496 416	375 759	2 872 175	1 597 522
B. Non-Convertible currency								
Russian Federation	10 462	-	(10 384)	78	-	-	-	78
China	6 993	-	(2 293)	4 700	-	-	-	4 700
Hungary	7 576	-	8 265	15 841	-	-	-	15 841
Poland	54	-	(11)	43	-	-	-	43
Romania	8 806	-	(8 789)	17	-	-	-	17
Subtotal	33 891	-	(13 212)	20 679	-	-	-	20 679
Total	1 362 329 a/	2 969 606	158 441 b/	4 490 376	2 496 416	375 759	2 872 175	1 618 201

a/ Figures reclassified to conform to current presentation.

b/ Comprises interest income, exchange loss, miscellaneous income, prior year adjustments and refunds to donors.

STATEMENT V. Activities financed by UNDP

I. Statement of income and expenditure for the year ended 31 December 1994

(United States dollars)

Income	
Allocations	1 062 097
Total income	1 062 097
Expenditure	
Staff and other personnel costs	549 207
Travel	96 892
Contractual services	101 429
Operating expenses	17 174
Training, fellowships, grants and other	64 901
Equipment, supplies and acquisitions	9 956
Subtotal	839 559
Programme support costs (statement II)	222 538 a/
Total expenditure	1 062 097 b/
Excess of income over expenditure	-

II. Statement of assets and liabilities and fund balance as at 31 December 1994

Assets	
Accounts receivable	264 781
Unspent allocations	71 463
Total assets	336 244
Liabilities	
Accounts payable	172 297
Unliquidated obligations - current year	92 484
Deferred income	71 463
Total liabilities	336 244
Fund balance	
Balance available as at 1 January 1994	-
Add: Excess of income over expenditure	-
Balance available as at 31 December 1994	-
Total liabilities and fund balance	336 244

a/ This amount includes programme support costs of $179,967, which were not reported previously to UNDP, and programme support costs for the current year of $42,571.

b/ Comparative figures for 1993 expenditures are as follows:

Staff and other personnel costs	361 224
Travel	124 964
Contractual services	6 663
Operating expenses	133 489
Training, fellowships, grants and other	97 567
Programme support costs	13 684
Total	737 591

The accompanying notes are an integral part of the financial statements.

Notes to the financial statements

NOTE 1. Summary of significant accounting policies

The following are the significant accounting policies of UNITAR:

(a) As provided in article VIII of its statute, the United Nations Institute for Training and Research accounts are maintained in accordance with the Financial Regulations of the United Nations as adopted by the General Assembly, the rules formulated by the Secretary-General as required under the regulations, administrative instructions issued by the Under-Secretary-General for Administration and Management or the Controller. They also take fully into account the common accounting standards for the United Nations system, as adopted by the Administrative Committee on Coordination (ACC). The General Assembly has taken note of these standards in its resolution 48/216 C of 23 December 1993. The United Nations follows International Accounting Standard 1 on the disclosure of accounting policies, as modified and adopted by the Consultative Committee on Administrative Questions at its fifty-fourth session, as shown below:

(i) Going concern, consistency, and accrual are fundamental accounting assumptions. Where fundamental accounting assumptions are followed in financial statements, disclosure of such assumptions is not required. If a fundamental accounting assumption is not followed, that fact should be disclosed, together with the reasons;

(ii) Prudence, substance over form, and materiality should govern the selection and application of accounting policies;

(iii) Financial statements should include clear and concise disclosure of all significant accounting policies which have been used;

(iv) The disclosure of the significant accounting policies used should be an integral part of the financial statements. The policies should normally be disclosed in one place;

(v) Financial statements should show corresponding figures for the preceding period;

(vi) A change in an accounting policy that has a material effect in the current period or may have a material effect in subsequent periods should be disclosed, together with the reasons. The effect of the change should, if material, be disclosed and quantified;

(b) Fund accounting. The Institute's accounts are maintained on a "fund accounting" basis. Separate funds for general or special purposes may be established by the General Assembly or the Executive Director. Each fund is maintained as a distinct financial and accounting entity, with a separate self-balancing double-entry group of accounts. Separate financial statements are prepared for each fund or for a group of funds of the same nature.

(c) The financial period of the Institute comprises one calendar year.

(d) In accordance with article VIII, paragraph 3, of the revised statute of UNITAR, income is recognized on a paid-in contributions basis.

(e) Translation of currencies. The accounts of the Institute are presented in United States dollars. Accounts maintained in other currencies are translated into United States dollars at the time of the transaction at rates of exchange established by the Controller. In respect of such currencies, the financial statements prepared at such intervals as may be prescribed by the Controller under delegation of authority from the Under-Secretary-General for Administration and Management shall reflect the cash, investments, unpaid pledges and current accounts receivable and payable in currencies other than United States dollars, translated at the applicable United Nations rates of exchange in effect at the date of the statements. In the event that the application of actual exchange rates at the date of the statements would provide a valuation significantly different from the application of the United Nations rates of exchange for the last month of the financial period, a footnote will be presented quantifying the difference.

(f) The Institute's financial statements are prepared on the historical cost basis of accounting and have not been adjusted to reflect the effects of changing prices for goods and services.

(g) Pledged contributions. Pledges are recorded as deferred income on the basis of a written commitment by a prospective donor to pay a monetary contribution at a specific time or times These pledges are recorded in a memorandum account and are reflected in note 2. Only paid pledges are recorded as income.

(h) Cash and investments. Funds on deposit in interest-bearing bank accounts, time deposits and call accounts are shown in the statements of assets and liabilities as cash.

(i) Fixed assets. Maintenance and repairs are charged against the appropriate budgetary accounts. Furniture, equipment, other non-expendables and leasehold improvements are not included in the assets of the Institute. Acquisitions are charged against budgetary accounts in the year of purchase.

(j) The expenditures do not include possible costs to cover contingencies under appendix D to the United Nations Staff Rules, for personnel financed under resources obtained from voluntary contributions to the UNITAR General Fund and the Special Purpose Grants Fund. The term "expenditure" designates total obligations incurred, whether liquidated or unliquidated.

(k) Miscellaneous income:

(i) The net income realized from revenue-producing activities is reported as miscellaneous income;

(ii) Refunds of expenditures charged to the prior financial periods are credited to miscellaneous income;

(iii) Moneys accepted in respect of which no purpose is specified have been treated as miscellaneous income;

(iv) On the closing of the accounts at the end of each financial period, if the balance of the exchange accounts reflects a net loss on exchange, it is charged to the budgetary accoun If there is a net gain, this is credited to miscellaneous income;

(v) The proceeds from the sale of surplus property are credited to the miscellaneous income of the respective funds.

(m) The trust fund statements reflect the "clean surplus theory" by processing adjustments through the current income and expenditure accounts. Material adjustments for prior periods are, however, shown in the financial statements below the results of the current period so as not to distort them.

(n) Income tax refund policy. UNITAR salaries are charged to the budget on a net basis during the year in which the services have been rendered. Income tax refunds are charged to the year in which they are made to the staff member.

(o) Unliquidated obligations for the current period in respect of UNITAR Special Purpose Grants Fund activities remain valid for 12 months following the end of the year to which they relate.

NOTE 2. General Fund

Schedule of pledged contributions as at 31 December 1994

(United States dollars)

Countries	Unpaid pledges as at 1 January 1994	Add: pledges for 1994 and prior year adjustments	Add: pledges for future years	Less: collections during 1994	Less: loss (gain) on exchange	Unpaid pledges as at 31 December 1994
Chile	(5 000)	5 000	-	-	-	-
China	-	10 000	-	10 000	-	-
Côte d'Ivoire	-	1 000	-	1 000	-	-
Cyprus	-	1 000	-	1 000	-	-
Czech Republic	18 051	17 422	-	-	(564)	36 037
France	-	53 286	-	53 286	-	-
Greece	-	5 000	-	5 000	-	-
Indonesia	-	4 000	-	-	-	4 000
Iran (Islamic Republic of)	10 000	10 000	-	-	-	20 000
Japan	-	200 000	-	200 000	-	-
Kuwait	-	20 000	-	-	-	20 000
Lebanon	-	2 000	-	2 000	-	-
Malta	-	769	-	769	-	-
Mauritius	-	938	-	938	-	-
Mexico	-	5 000	-	5 000	-	-
Morocco	-	5 000	-	5 000	-	-
Nigeria	49 000	16 695	-	65 695	-	-
Oman	-	6 000	-	6 000	-	-
Pakistan	-	10 000	-	10 000	-	-
Paraguay	1 000	-	-	-	-	1 000
Republic of Korea	-	10 000	-	10 000	-	-
Romania	920	-	-	566	354	-
Switzerland	-	60 403	-	62 937	(2 534)	-
Thailand	-	3 000	-	3 000	-	-
United Republic of Tanzania	-	1 149	-	673	-	476
Uruguay	1 000	-	-	-	-	1 000
Total a/	74 971	447 662 b/	-	442 864	(2 744)	82 513 b/
a/ Recapitulation by year:						
1993 and prior	74 971	(15 480)	-	34 440	(210)	25 261
1994	-	463 142	-	408 424	(2 534)	57 252
	74 971	447 662	-	442 864	(2 744)	82 513

b/ Unpaid pledges of $82,513 are not included in statement II in accordance with art. VII, para. 3, of the revised statute of UNITAR (A/43/697/Add.1).